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Approved For Release 2001/09/05 : CIA-RDP82-00357R000900050001-1

REDUCING THE SIZE OF THE AGENCY STAFF

The Agency has embarked upon a permanent program to maintain continuingly or improve the general level of competence of its personnel and to keep total numbers at the essential levels required by our mission. The accomplishment of this program will require the development of a substantially refined and more advanced system of personnel management than the Agency has had in the past. Some aspects of this new system have been evolved and put into effect, others are well along in the planning stages, still others require additional creative development, policy approval and, in some cases, legislative authority.

The planned reduction of Agency manpower of 3% imposed by the Administration for the next 18 months creates definite problems in the area of personnel management. We read in the newspapers that some departments and agencies of the Government are going to accomplish their staff reductions by not appointing replacements to positions vacated by normal attrition. It is our belief, however, that this method of reduction, if generally applied, would be most inappropriate for CIA. First, such an approach would be in conflict with the permanent program we are implementing and developing. Secondly, reduction by attrition and nonreplacement creates serious imbalances between the ratios of professional and clerical personnel since attrition rates in clerical levels are vastly greater. Lastly, it is essential that we maintain our professional competence by continued selective recruitment and internal advancement.

For the reasons noted above and others not touched upon, we consider it necessary that our plans to accomplish the required 3% reduction be based upon a detailed review of those portions of our present and planned system of personnel management which should and will play a role.

In order to achieve the planned 3% reduction the Agency will have to reduce its manpower by [redacted] during the period. Based on the assumption that present strength by grade levels fairly accurately represents a proper balance of skills required for the proper fulfillment of the Agency mission, it is

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reasonable to spread proportionately the required reduction among the three major employee groups:

GS 1 - 6 Clerical & Custodial Group

Intermediate Professional & Supervisory Group (GS 7 to 12)

Senior Professional & Executive Group (GS 13 to 18)

TOTAL

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To convert these arithmetic determinations of the size of the reduction program to an action program it will first be necessary to allocate the planned reduction by grade groups among the Deputy Directors and by them to the various career services. The latter apportionments should only be made after careful study of the relative efficiency and essentiality of the many activities carried out by personnel of each career service. As soon as this can be accomplished all aspects of the overall personnel program must be brought to bear to bring about the planned net reductions. The various aspects and mechanisms which will be brought to bear are described in subsequent paragraphs.

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SELECTION OUT

Our experience with selection out during the year 1958 cannot be regarded as typical of what this program can offer the Agency. During its first year of operation the program centered on misfits and cases of outstandingly poor performance. A number of the cases referred to the Selection-out Staff have been handling problems for years. As a result, the Selection-out Staff devoted an inordinate amount of time to individual cases.

As the program matures we may expect to get cases less complex in nature and more adequately documented by the Career Service involved. By increasing the size of the Selection-out Staff, streamlining some of our procedures, and by having the advantage of working with materials better prepared by the Career Services we expect to be able to handle two or three times as many cases as were handled in 1958, and without undue delay.

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If it develops that reduction goals for the Agency are translated into relatively high goals (between 5% and 10%) for certain of the Career Services, we may be required to institute a modified form of the reduction in force. With this in view, I have asked [redacted] to review the previous studies we have made on this subject, to analyze the personnel composition of the Agency in order to determine the extent to which an RIF would force us to separate people we consider to be superior to those retained, and to consult informally with the AEC, which has, in the past year or so, conducted one or two small RIF's.

Finally, if it is possible for the Agency to obtain legislation providing for early retirement benefits we will be in a position to follow the long-established practice of the military services whereby an individual at an advanced stage in his career, who fails to achieve promotion along with his contemporaries, may be separated without prejudice and provided with an annuity. In the discussion of early retirement which follows, it will be seen that there are several different occasions in an individual's career with the Agency when this would be possible.

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Separation for failure to advance at an early stage in an individual's career can and should be accomplished under our present program. It would, of course, result in separation without annuity, but it is obviously not proper to pay an annuity to a young person who has been found not to measure up to Agency standards of performance or who is wanting in growth potential.

In either case this form of separation would be limited to those individuals whose promotions are earned competitively (grades 9 and above) and who have clearly failed to develop or to show potential in a field which requires growth on the part of all who are in it. Thus, for example, a case officer might be separated for failing to achieve promotion from a grade 9 to an 11 or from a grade 13 to a 14, whereas translator might be held in grade 9 for an indefinite number of years without being considered for selection out.

Recommended Action:

In view of the desirability of continuing the selection out program during the next calendar year and in light of our experience in 1958 and of the considerations cited above, I propose that the draft memorandum attached as Tab A be signed by the Director of Central Intelligence and sent to the four Deputy Directors.

EARLY RETIREMENT

In order to get at the Agency's hard core of surplus personnel it is most necessary that we be in a position to pay some form of annuity to those separated, because the hard core is made up of men and women who have worked in intelligence upwards to 15 years. Many of them have had other government service and will therefore qualify within the immediate future for an annuity or separation payment under one or another of the terms of our proposed early retirement legislation. It would be

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unethical to separate many of these people without paying them such benefits, if within the next 18 months it is at all possible for us to make these benefits available. On the other hand, to carry the worthy but not very productive person places an unreasonable burden on Agency management. The role that our proposed early retirement legislation can play in providing for the immediate reduction of personnel and for a permanently accelerated turnover is suggested by the following figures which represent the numbers of personnel who, based on present ages, would now fall into the various categories of proposed alternative retirement action:

- a. Mandatory retirement at age 60 - [REDACTED] 25X9A2
- b. Mandatory retirement at age 62 - [REDACTED]
- c. Retirement at discretion of the DCI at age 55 or older with 25 years of Federal Service (Civilian & Military) - [REDACTED] 25X9A2
- d. Retirement at the discretion of the DCI at age 50 and above when length of service requirements under the Ellsworth Plan are satisfied, i.e., 20 years of Federal Service, 10 of which have been with CIA; 10 of the overall 20 years must have been in overseas service, and at least 5 of these overseas years must have been in CIA service - [REDACTED] 25X9A2
- e. Retirement at age 45 with immediate limited if selected out (The major portion of the Agency's personnel would fall under these combined categories.)
- f. Retirement under age 45 with one year severance pay if selected out (The major portion of the Agency's personnel would fall under these combined categories.)

Recommended Action:

In view of the great importance of early retirement legislation to personnel management in the Agency, I propose that it be given highest priority not only by the Office of Personnel but also by the General Counsel, Legislative Liaison, and by other officials who in one way or another can contribute to this effort.

RETIREMENT BOARD

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Some months ago [REDACTED] brought to my attention a practice which had been followed by the Forestry Service for a number of years. This was to have a board review the status and future prospects of each professional employee as he

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approached voluntary retirement age. It was generally understood in the service that a person reaching that age would retire and, although the service had no legal basis for enforcing retirement, it did succeed in effecting the retirement of most of its professionals at or before age 62. It is my belief that in asking for legislation which would reduce the mandatory retirement age from 70 to 60 or 62, we should clearly foresee that there will be exceptions and should therefore provide for a mechanism which would review all cases and make appropriate recommendations to the DCI. A retirement board would meet this requirement.

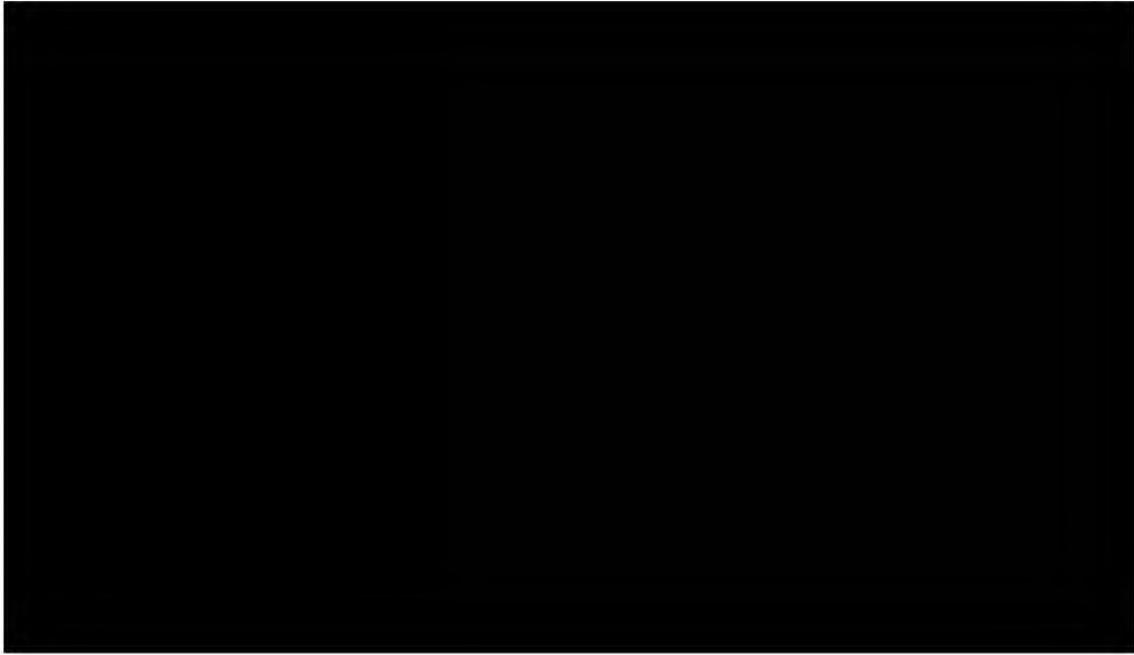
The Forestry Service Board not only examined cases but it also occupied itself with the problem of what a person does after retirement. According to [redacted] it was [redacted] able to develop a number of very successful programs for helping retiring personnel.

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Recommended Action:

I would propose that we take steps now to set up such a board and have it begin to handle cases under the voluntary retirement provisions that apply to our personnel at present.

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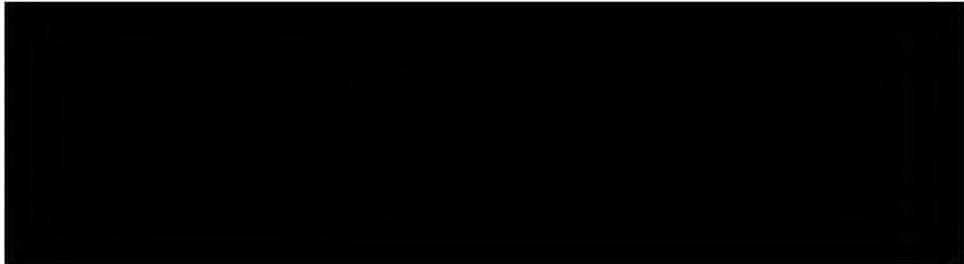
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OUT-PLACEMENT

When the out-placement program was announced during 1958, nothing that was said about it could keep it from being viewed as a means of cushioning the blow of selection out. Admittedly this is a perfectly proper use of our out-placement staff. However, there is no reason why the program should be restricted to selection-out cases. In 1956 [redacted] pointed out that there are ways in which some of our strongest people can round out their personal careers

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to our type of officer. I attach [redacted] paper for your information, because it states the case so well.

The question might reasonably be asked why nothing has been done about [redacted] plan during the past two years. The answer to this is that up to the present time [redacted] e have felt that we could not afford to lose any of our key senior people. It is now generally accepted that it will be impossible to accommodate within the grade structure of the Agency both the present senior group and those right behind them.

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Recommended Action:

To face up to the difficulties described above, I urge that a renewed effort be made by the Career Services and the Office of Personnel to establish out-placement as a vital and positive program.

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The possibility that we will want to reduce personnel in certain functional fields quite drastically has caused us to reconsider the advantages and disadvantages of arriving at an understanding with the Civil Service Commission which would permit our people to acquire Civil Service status, thus making it possible for us to place individuals elsewhere in Government on a scale which is not possible at the present time. [REDACTED], who has talked informally with the Commission about this, tells me that such an arrangement could be made within a relatively short time, were we to decide to go ahead with it. About a year ago, in discussing this with me, Joseph Winslow--Mr. Siciliano's deputy--pointed out that such an arrangement would in no way legally obligate the Director to appoint personnel from the Civil Service rosters. I do not know the extent to which we in the Office of Personnel would be called upon to review the qualifications of individuals on these rosters, but in view of our present hiring practices I can hardly see that this would be much of a burden even if we were obligated to do it..

I do not propose that we commit ourselves to an exchange arrangement with the Civil Service Commission, but that we explore this matter officially and openly with the Commission in the hope that we can come up with proposals that will benefit the Agency.

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